

**IN THE UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

<p>BANK OF AMERICA, N.A.,</p> <p style="text-align: center;">Plaintiff,</p> <p>vs.</p> <p>MIDDLETONS LLC, a Michigan Limited Liability Company, f/k/a THE SPINDLE RAILING COMPANY,</p> <p style="text-align: center;">Defendant.</p>	<p>CASE NO. 2:17-CV-10171</p> <p>HONORABLE DAVID M. LAWSON</p>

**RECEIVER'S FOURTH INTERIM STATUS REPORT FOR THE PERIOD OF
SEPTEMBER 17, 2017 THROUGH DECEMBER 16, 2017**

Alex D. Moglia, the Court appointed receiver (the "Receiver"), for his fourth report on the status of the receivership for the period of September 17, 2017 through December 16, 2017, states as follows:

1. On February 16, 2017, upon the motion of Bank of America, N.A. ("BofA"), this Court entered an order appointing Alex D. Moglia as the Receiver for the assets and property of the Receivership Entities (the "Receiver Order"). The Receiver commenced his duties as Receiver on February 16, 2017.

A. Summary of the Operations of the Receiver

2. Upon his appointment, the Receiver reviewed and analyzed records received from BofA, in particular, loan documents, credit write-ups and collateral records, and reviewed the verified complaint filed by BofA. The Receiver also reviewed BofA's Motion for Appointment of Receiver and the Order granting same.

3. The Receiver also arranged for utility services at the properties and established receiver's accounts with the utility companies. Numerous discussions were held in person and telephonically with representatives of providers of gas, telephone, internet, electric and water services, during which the Receiver explained the status of the company and the receivership process. Further discussions and negotiations followed.

4. The Receiver obtained bonding as required by the Receiver Order, proof of which was attached as Exhibit A to the First Interim Status Report (the "First Report") filed with the Court on March 30, 2017.

5. On February 20, 2017, the Receiver visited the Bronson and Coldwater, Michigan locations to inspect the facilities and to meet with former employees. A locksmith was brought in to change all locks and to secure the buildings. The Receiver also met with city officials and discussed the receivership and the steps to be taken pursuant to the Receiver Order. Additional documents regarding a fire that had occurred at the Coldwater location, as well as outstanding bills, were reviewed by the Receiver during his visit. Arrangements were also made to have all mail forwarded to the Receiver's offices.

6. Due to the contentious nature of some of the discussions with creditors and service providers, and to assist the Receiver in carrying out his duties, the Receiver determined it was necessary to retain counsel. The order granting the receiver's motion for appointment of counsel was entered by the Court on March 16, 2017.

7. During this reporting period, the Receiver conducted a number of major activities. These are detailed below:

- a. Sale of Coldwater Real Estate: On September 8, 2017, this Court entered its order granting the Receiver's amended motion for authority to sell the real

estate in Coldwater, dkt. no. 63. The Receiver closed on the sale of the property on October 10, 2017.

- b. Fire Suppression System and Extinguishers: Approved Protection Systems hydro-tested and refilled all fire extinguishers at Bronson in September, 2017. VFP Fire Systems conducted an annual fire sprinkler inspection and necessary preventive maintenance on the air compressor at Coldwater in September, 2017.
- c. Exterior Door: Larry's Lock and Safe installed a new exterior door and frame including threshold, hinges and closer at Coldwater in September, 2017.
- d. Listing of Property: The Receiver, pursuant to this Court's order of August 18, 2017, granting the Receiver's motion for approval of retention of a real estate broker, dkt. no. 62, hired NAI Wisinski of West Michigan, to list, market and sell the Bronson property.
- e. Winterization: The Receiver hired Wil-Mac to winterize the Bronson buildings and the work was completed on October 11, 2017.
- f. Accounts Receivable Collection: The Receiver has been diligent in seeking to recover sums outstanding from a number of customers of Middletons. Contacts with these customers were made, first by a former Middletons employee under the Receiver's direction, and subsequently by the Receiver's counsel. As is typical in these types of situations, disputes over quality, quantity, price, freight overcharges and billing problems have surfaced, and the Receiver has been active in addressing these issues. Pursuant to this Court's order of July 26, 2017 granting the Receiver's motion for approval of

the retention of Receivables Control Corporation (“RCC”) to assist in the collection of Middletons’ outstanding accounts receivable, dkt. no. 54, the Receiver hired RCC and collection efforts are continuing.

- g. Case Administration: During this reporting period, the Receiver paid bills arising from receivership activities, posted payments received and regularly reconciled his bank accounts. The Receiver also prepared and filed his third interim report to the Court on the status of the receivership on September 29, 2017. The Receiver has also been in regular contact and discussion with Plaintiff with regard to his activities and the disposition of the receivership assets.

B. Cash on Hand, Accrued Administrative Expenses and Unencumbered Funds in the Estate

8. A bank balance report showing cash on hand in the receivership as of December 16, 2017 is attached as **Exhibit A**.
9. The funds in the estate are subject to security interests asserted by BofA.
10. The accrued administrative expenses consist primarily of fees and expenses of the Receiver and his counsel. The Receiver’s fees and costs for September 17 through December 16, 2017 total approximately \$16,202.12 and fees and costs of the Receiver’s counsel total approximately \$35,000.00.

C. Schedule of Receipts and Disbursements

11. A schedule of receipts and disbursements during this reporting period is attached as **Exhibit B**. Receipts totaled \$2,852,924.74 and disbursements totaled \$2,959,773.45.

D. Description of Receivership Property

12. The remaining assets of the receivership consist of uncollected accounts receivable, real estate and other miscellaneous assets. The following are the approximate valuations for each asset category:

Asset Category	Valuation	Notes / Comments
Accounts Receivable	Less than \$30,000	RCC is working on collecting the remaining receivables.
Real Estate – Bronson	\$100,000	A Purchase Agreement for the sale of the property has been executed. The Purchaser is completing its due diligence inspections of the property and has until December 27, 2017 to terminate the Agreement and receive a refund of its deposit. Provided that the Purchaser does not terminate the Agreement and elects to proceed to closing, the sale of the

		property should close in early 2018, provided that the required court approval of the sale is obtained.
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E. Liquidated and Unliquidated Claims

13. The Receiver is not aware of Middletons' holding any liquidated or unliquidated claims against other parties, other than regular trade receivables. The Receiver is in the process of investigating potential avoidance claims or fraudulent transfers.

F. List of Creditors

14. A list of all known creditors, their addresses and amounts believed to be owed to such parties was attached as Exhibit F to the First Report. The Receiver had issued a letter to all known creditors, advising them of the inception of the receivership and the need to cooperate with the Receiver.

G. Creditor Claims Proceedings

15. At this time, it appears that there will be insufficient funds to pay the claim of BofA in full, and therefore it appears unlikely that there will be any distribution to pre-receivership unsecured creditors. As such, no creditor claims proceedings have yet been implemented.

H. Recommendations of the Receiver with regard to continuation or discontinuation of the receivership

16. The Receiver believes that the receivership should continue in order to effectuate an orderly liquidation of the remaining assets of the Receivership estate.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Alex D. Moglia', with a stylized flourish at the end.

Alex D. Moglia of Moglia Advisors, not
personally, but solely as the Receiver of
Middletons LLC

Proof Of Service

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

<p>BANK OF AMERICA, N.A.,</p> <p style="text-align: right;">Plaintiff,</p> <p>vs.</p> <p>MIDDLETONS LLC, a Michigan Limited Liability Company, f/k/a THE SPINDLE RAILING COMPANY,</p> <p style="text-align: right;">Defendant.</p>	<p>CASE NO. 2:17-CV-10171</p> <p>HONORABLE DAVID M. LAWSON</p>

PROOF OF SERVICE

I, Lynnea Koerber, state that on December 21, 2017, I did file Receiver's Fourth Interim Status Report For The Period September 17, 2017 Through December 16, 2017 and this Proof Of Service, with the Clerk of the Court using the ECF System and I hereby certify that the Court's ECF system will serve all registered users.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Dated: December 21, 2017

/s/ Lynnea Koerber
Lynnea Koerber
howard@jacobweingarten.com

Exhibit A

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Bank Account Summary Report

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Trustee: Alex D Moglia (330220)

Case: MIDDLETONS LLC Middletons LLC		Tax ID #: 20-0497985				
Account Name (Type)	Account Number	Ledger Balance	Reserved Balance	Available	Bank Balance	
Checking Account (DDA)	5014448066	20,056.49	0.00	20,056.49	20,443.81	
Asset Sale Proceeds (DDA)	5014448067	324,413.40	0.00	324,413.40	325,669.78	
BOA Exp funds DDA (DDA)	5014448068	5,331.05	0.00	5,331.05	5,331.05	
DDA Vehicle Proceeds (DDA)	5014448069	22,524.00	0.00	22,524.00	22,524.00	
Coldwater Real Estate Pro (DDA)	5014448070	0.00	0.00	0.00	0.00	
Case Totals:		\$372,324.94	\$0.00	\$372,324.94	\$373,968.64	

Trustee Totals:		\$372,324.94	\$0.00	\$372,324.94	\$373,968.64
Total Accounts:	5				

Exhibit B

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Receipts and Disbursements

Case: Middletons LLC (MIDDLETONS LLC)

Submitted: 12/18/17

Trustee: Alex D Moglia (330220)

Period: 09/17/17 - 12/16/17

Receipts

4005-000 Proceeds from Auction

11/17/17 Deposit: 100003-1	5014448067	ST USA Holding Corp. Proceeds from the sale of office Furniture	1,000.00
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4006-000 Liquidation of Real Property

10/16/17 Dep. Adj.: 1	5014448070	Fidelity National Title Insurance C/ Comerica Detroit SALE PROCEEDS - REAL PROPERTY	2,846,591.89
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4008-000 Notes and Accounts Receivable

11/17/17 Deposit: 100023-1	5014448066	Gambay Inc 6/27/17 ref 248956	686.57
10/20/17 Deposit: 100020-1	5014448066	Gambay Inc ACCOUNTS RECEIVABLE	500.00
12/07/17 Deposit: 100024-1	5014448066	Receivables Control Corporation ACCOUNTS RECEIVABLE	1,176.62
11/09/17 Deposit: 100022-1	5014448066	Recievables Control Corporation ACCOUNTS RECEIVABLE	2,969.66

Total for 4008-000 Notes and Accounts Receivable	5,332.85
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Total Receipts	2,852,924.74
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Disbursements

2200-001 Secured Claims

10/19/17 Disb. Adj.: 2	5014448070	Middletons, LLC Coldwater net sale proceeds	2,846,591.89
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6007-000 Professional Fees & Expenses
6007-015 Other Professional Fees

11/14/17 Void: 196	5014448066	Lynn Wolff 29 hours @ \$20 for the Month of August 2017; issued on 11/14/17	-580.00
11/14/17 Check: 196	5014448066	Lynn Wolff 29 hours @ \$20 for the Month of August 2017; voided on 11/14/17	580.00
11/14/17 Void: 199	5014448066	Lynn Wolff Service hours 46.5 @ \$20 for September 2017; issued on 11/14/17	-930.00
11/14/17 Check: 199	5014448066	Lynn Wolff Service hours 46.5 @ \$20 for September 2017; voided on 11/14/17	930.00
11/14/17 Check: 114	5014448067	Lynn Wolff Services rendered for September 2017 hours 46.5 @ \$20	930.00

Subtotal for 6007-015 Other Professional Fees	930.00
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Receipts and Disbursements

Case: Middletons LLC (MIDDLETONS LLC)

Submitted: 12/18/17

Trustee: Alex D Moglia (330220)

Period: 09/17/17 - 12/16/17

6007-000 Professional Fees & Expenses

6007-016 Other Professional Expenses			
11/14/17 Check: 111	5014448067	Lynn Wolff	120.35
		August 2017 Expenses mileage \$113.96 & Larry's Lock \$ 6.39	
11/14/17 Check: 197	5014448066	Lynn Wolff	120.35
		August 2017 Expenses mileage \$113.96 and Larry's Lock \$ 6.39; voided on 11/14/17	
11/14/17 Void: 197	5014448066	Lynn Wolff	-120.35
		August 2017 Expenses mileage \$113.96 and Larry's Lock \$ 6.39; issued on 11/14/17	
11/14/17 Check: 112	5014448067	Lynn Wolff	187.25
		September 2017 expenses 350 miles @ \$.535	
11/14/17 Void: 200	5014448066	Lynn Wolff	-187.25
		September 2017 expenses 350 miles @\$.535; issued on 11/14/17	
11/14/17 Check: 200	5014448066	Lynn Wolff	187.25
		September 2017 expenses 350 miles @\$.535; voided on 11/14/17	
11/14/17 Check: 110	5014448067	Lynn Wolff	580.00
		Service hours rendered 29 hours @ \$20 for August 2017	
Subtotal for 6007-016 Other Professional Expenses			887.60
Total for 6007-000 Professional Fees & Expenses			1,817.60

7000-000 OTHER EXPENSES SECTION

7003-300 Other Administrative Expense			
11/14/17 Check: 116	5014448067	Allshred Services	2,450.00
		Bronson document shredding Invoice 110637 \$ 2,325 dated 10/31/17 & invoice 110670 \$ 125.00 dated 10/31/17	
11/14/17 Check: 115	5014448067	Allshred Services	2,080.00
		Document Shredding Invoice 109887 dated 10/26/17 Coldwater, MI	
Subtotal for 7003-300 Other Administrative Expense			4,530.00
7004-000 Costs to Secure/Maintain Property			
11/14/17 Check: 106	5014448067	Approved Protection Systems	681.00
		Invoice 13602204 dated 9/14/17	
11/14/17 Check: 193	5014448066	Approved Protection Systems	681.00
		Invoice 13602204 dated 9/14/17; voided on 11/14/17	
11/14/17 Void: 193	5014448066	Approved Protection Systems	-681.00
		Invoice 13602204 dated 9/14/17; issued on 11/14/17	
09/27/17 Check: 117	5014448068	Drug & Laboratory Disposal Inc.	47,353.97
		Final payment - statement dated 8/25/17 regarding invoice #1708-00193	
11/14/17 Void: 195	5014448066	L&R Services LLC	-90.00
		Mowing Service for August 2017; issued on 11/14/17	
11/14/17 Check: 195	5014448066	L&R Services LLC	90.00
		Mowing Service for August 2017; voided on 11/14/17	
11/14/17 Check: 113	5014448067	L&R Services LLC	90.00
		Mowing services for September 2017	
11/14/17 Check: 109	5014448067	L&R Services LLC	90.00
		Mowing Service for August 2017	

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Receipts and Disbursements

Case: Middletons LLC (MIDDLETONS LLC)

Submitted: 12/18/17

Trustee: Alex D Moglia (330220)

Period: 09/17/17 - 12/16/17

7000-000 OTHER EXPENSES SECTION

7004-000 Costs to Secure/Maintain Property			
11/14/17 Void: 198	5014448066	L&R Services, LLC	-90.00
		Mowing for Month of September 2017; issued on 11/14/17	
11/14/17 Check: 198	5014448066	L&R Services, LLC	90.00
		Mowing for Month of September 2017; voided on 11/14/17	
11/14/17 Void: 194	5014448066	Moder's Lawn Service LLC	-600.00
		Invoice 6150 dated 8/31/17; issued on 11/14/17	
11/14/17 Check: 194	5014448066	Moder's Lawn Service LLC	600.00
		Invoice 6150 dated 8/31/17; voided on 11/14/17	
11/14/17 Check: 107	5014448067	Moder's Lawn Service, LLC	600.00
		Invoice 6150 dated 8/31/17	
11/14/17 Check: 108	5014448067	Moder's Lawn Service, LLC	725.00
		Service for September 2017 - Invoice 6195 - dated 9/30/17	
11/14/17 Check: 105	5014448067	Tyco Intergrated Security LLC	412.53
		Invoice 29297440 dated 9/27/17	
11/14/17 Check: 192	5014448066	Tyco Intergrated Security LLC	412.53
		Invoice 29297440 dated 9/27/17; voided on 11/14/17	
11/14/17 Void: 192	5014448066	Tyco Intergrated Security LLC	-412.53
		Invoice 29297440 dated 9/27/17; issued on 11/14/17	
11/14/17 Check: 104	5014448067	Wil-Mac Sales & Service, Inc.	1,600.00
		Second half (final) payment on Invoice 2496	
09/21/17 Check: 103	5014448067	Wil-Mac Sales and Service, Inc.	1,600.00
		50% up front payment to winterize Bronson 2 buildings	
Subtotal for 7004-000 Costs to Secure/Maintain Property			53,152.50
7004-100 Insurance			
11/03/17 Disb. Adj.: 5	5014448066	First Funding Insurance	3,233.42
		Account 900-5128756 notice date 10/16/17 due date 11/3/17	
12/13/17 Check: 118	5014448067	First Insurance Funding	612.87
		Account # 900-5128756 payment due by Jan 3, 2018 per customer service	
12/13/17 Check: 117	5014448067	First Insurance Funding	643.51
		Account 900-5128756 Due by Dec 24, 2017 per customer service	
10/24/17 Disb. Adj.: 4	5014448066	First Insurance Funding	3,394.34
		October 2017 payment 900-5128756	
Subtotal for 7004-100 Insurance			7,884.14
7006-000 Taxes			
09/28/17 Check: 120	5014448068	BRONSON TOWNSHIP	1,375.35
		2017 Summer Parcel 090-014-100-040-02 property address 893 W. Chicago Rd. Bronson, MI 49028	
09/27/17 Check: 118	5014448068	City of Coldwater Treasurer	15,657.49
		2017 Summer Tax for Property # 307-000-000-228-06 - property address 575 Race Street	
09/27/17 Check: 119	5014448068	City of Coldwater Treasurer	35,344.75
		2017 Summer Tax for Property # 304-000-000-629-00 - property address 575 Race Street	
Subtotal for 7006-000 Taxes			52,377.59
Total for 7000-000 OTHER EXPENSES SECTION			117,944.23

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Receipts and Disbursements

Case: Middletons LLC (MIDDLETONS LLC)

Submitted: 12/18/17

Trustee: Alex D Moglia (330220)

Period: 09/17/17 - 12/16/17

7004-050 Utilities

11/09/17	Deposit: 100021-1	5014448066	City of Coldwater	-6,580.27
			Return Credit 366-02	

Total Disbursements	2,959,773.45
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Others

9999-00 Account Transfers

09/19/17	Deposit: 100002-1	5014448068	Bank of America	-121,219.31
			Funding request check	

Total Others	-121,219.31
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